



31 July 2014

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ESSENTRA PLC ("the Company")

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

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2014

**HY 2014: CONTINUED DELIVERY OF BALANCED, PROFITABLE GROWTH
WELL PLACED TO ACHIEVE VISION 2015 OBJECTIVES IN 2014**

HY 2014 highlights:

- Revenue up 20% at constant FX (like-for-like¹ +9%) to £431m.
- Accelerating momentum in Q2, with like-for-like¹ revenue growth of 10%.
- Adjusted operating profit² up 14% (constant FX) to £69m.
- Adjusted EPS² ahead 15% (constant FX) to 20.3p.
- Improvement in net working capital to 13.9% of revenue (better by 70bps, constant FX).
- Tax rate reduced by 200bps to 25.4%.
- Net debt of £224m (FY 2013: £217m), with strong cash flow generation offset by higher dividend payments.
- 19% increase in the half year dividend to 5.7p per share.

Results at a glance:

	HY 2014	HY 2013	% change Actual FX	% change Constant FX
Revenue	£431.1m	£384.6m	+12	+20
Operating profit – adjusted ²	£69.0m	£65.2m	+6	+14
Pre-tax profit – adjusted ²	£64.2m	£60.3m	+6	+16
Net income – adjusted ²	£47.9m	£43.8m	+9	+20
Earnings per share – adjusted ²	20.3p	19.4p	+5	+15
Dividend per share	5.7p	4.8p	+19	+19
Operating profit	£54.0m	£50.3m	+7	+18
Net income	£35.8m	£31.6m	+13	+28
Basic earnings per share	15.2p	13.9p	+9	+23

¹ Adjusted for the impact of acquisitions, disposals and foreign exchange (see page 2)

² Before intangible amortisation and exceptional operating items



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

“With like-for-like revenue growth of 9% and adjusted EPS ahead 15% at constant exchange, Essentra had a strong first half. Revenue and profit momentum improved in the second quarter, underpinned by more sizeable business wins and the successful commercialisation of new product initiatives, and supported by further cost reduction and efficiency programmes. In addition, the integration of recent acquisitions, the delivery of synergy savings and the transition to the new organisational structure are proceeding well and are ahead of expectations.

Shortly after the end of the period we successfully refinanced – and increased – our banking facilities, at more favourable rates. This reinforces Essentra’s stated objective of complementing our underlying performance with value-creating acquisitions, and provides the Company with even greater flexibility to pursue strategic opportunities which may arise in the future.

Given these interim results, Essentra intends to deliver further balanced, profitable growth in 2014, and thus 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.”

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 2014 LFL results are adjusted for Contego Healthcare Limited (“Contego”, acquired on 30 April 2013), Mesan Kilit A.S. (“Mesan”, acquired on 30 December 2013) and Kelvindale Products Pty Ltd (“Kelvindale”, acquired on 12 May 2014). The impact of Dakota Packaging Limited (“Dakota”, acquired on 7 November 2013) is not excluded from the LFL results from 30 April 2014, as it is no longer separately identifiable having been fully integrated into the healthcare packaging business.

The term “adjusted” excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In HY 2014, intangible amortisation was £8.7m (HY 2013: £5.6m), and there was an exceptional pre-tax charge of £6.3m (HY 2013: £9.3m) mainly relating to integration and restructuring costs arising from the afore-mentioned acquisitions.



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Operating Review

HY 2014 revenue increased 12.1% (+20.3% at constant exchange) to £431.1m, with LFL growth of 8.6% supported by continued product innovation, improved marketing effectiveness and investment in both existing and new geographical markets.

Ongoing volume leverage, operational initiatives and successful pricing programmes to mitigate input cost increases were offset by the mix effect of the very strong growth in lower margin Filter Products and inventory destocking in the higher margin Porous Technologies division. Acquisitions also had a dilutive impact such that, in total, the gross margin declined 190bps (-230bps at constant exchange), to 34.0%.

On an adjusted basis, operating profit was ahead 5.8% (+14.3% at constant exchange) at £69.0m, equating to a 100bps decrease in the margin to 16.0% (-80bps at constant exchange). As anticipated, the successful delivery of synergy savings and continued cost efficiencies were offset by a one-off charge relating to the closure of a Filter Products facility in Italy. Operating profit as reported was £54.0m, +7.4% versus last year (+18.4% at constant exchange), including intangible amortisation of £8.7m and an exceptional pre-tax charge of £6.3m mainly relating to integration and restructuring costs arising from recent acquisitions.

Net finance expense was broadly unchanged at £4.8m (HY 2013: £4.9m), and the effective tax rate on profit before tax (before exceptional operating items) reduced to 25.4% (HY 2013: 27.4%).

On an adjusted basis, net income of £47.9m was up 9.4% (+19.7% at constant exchange) and earnings per share growth was 4.6% (+14.6% at constant exchange) to 20.3p. On a reported basis, net income was £35.8m, an increase of 13.3% (+27.7% at constant exchange), with earnings per share up 9.4% versus HY 2013 at 15.2p (+22.6% at constant exchange).

Business Review

Summary growth in revenue by division

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Component & Protection Solutions	+8	+6	-7	+7
Porous Technologies	-7	-2*	-6	-15
Packaging & Securing Solutions	-1	+48	-5	+42
Filter Products	+22	-	-13	+9
Other	+11	-	-4	+7
Total Company	+9	+11	-8	+12

* Transfer of 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 2014 £m	% growth Actual FX	% growth Constant FX
Revenue	123.8	+7.1%	+13.7%
Operating profit	32.5	+14.0%	+21.2%
Operating margin	26.3%	+160bps	+170bps

Revenue increased 13.7% to £123.8m. Adjusting for the acquisition of Mesan in December 2013 and of Kelvindale in May 2014, LFL growth was 7.5% and was supported by a more encouraging market backdrop and the roll out of new distribution sites, as well as new business wins and range consolidation opportunities.

In Components, the result reflected a better trading environment in Europe, as well as the benefits of migrating five operating businesses to a single Essentra Components brand. Additionally, the transition to a more regional organisational structure during 2014 has already resulted in incremental growth opportunities, in terms of incorporating both cleanroom wipes and further speciality tapes products in the extensive catalogue range. Sites in Thailand, Romania and Mexico were launched during the period, and the recently-established facilities in Memphis and Greensboro, US both performed well: in addition, the performance of the recently-acquired Mesan business is in line with expectations, and a Components catalogue featuring 28,000 products is already being marketed to Mesan's customers. New distribution centres were also opened in Singapore and in Louisville, US: with these centres already holding almost 10,000 and 30,000 SKUs respectively, they are both well-positioned to provide customers with even better, and more comprehensive, service in their respective geographical regions.

Pipe Protection Technologies recorded a strong result versus the prior year with encouraging growth across all sites, benefiting from improved market conditions, new business wins and successful product roll out. In particular, the innovative and industry-compliant MaxX™ range of thread protectors continued to perform well, boosted by the recent launch of a "liftable" variant which better serves drilling wellsite applications that require protectors which allow pipes to be lifted individually onto the drilling floor.

Operating profit grew 21.2% to £32.5m, equating to a 170bps uplift in the margin. This improvement was driven by savings from the ongoing consolidation of the Components' site footprint and further operating and process efficiencies.

On 12 May 2014, the acquisition of 100% of the share capital of Kelvindale was completed, a leading manufacturer and distributor of an extensive range of plastic protection and finishing products in Australia. Since then, approximately 12,000 Essentra Components products have been launched on Kelvindale's website, and the integration to date is in line with expectations.



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Porous Technologies

	HY 2014 £m	% growth Actual FX	% growth Constant FX
Revenue	44.4	-14.5%	-8.7%
Operating profit	6.7	-48.5%	-44.7%
Operating margin	15.1%	-990bps	-980bps

Revenue decreased 8.7% to £44.4m. Adjusting for the transfer of a portion of intercompany revenue to the Filter Products division, LFL growth was -7.3%.

Growth of 17% in cleanroom wipes (c. 23% divisional revenue) was driven by further success in globalising the product line, while an increase of 7% in healthcare (c. 23% divisional revenue) was led by wound care and products using porous plastics. Household products & personal care (together c. 9% divisional revenue) rose 26%, driven in particular by new business wins in air care with multinational customers.

Writing instruments (c. 32% divisional revenue) was broadly unchanged, with new sales of nibs to global customers offset by the impact of a strong back-to-school period in the US in the prior year comparative period. As anticipated, the result in printer systems (c. 13% divisional revenue) declined -52% owing to inventory destocking with a major global OEM, where performance is expected to improve in the second half of the year.

Operating profit decreased 44.7% to £6.7m and the margin declined by -980bps. Continued efficiency initiatives were offset by the mix effect of the afore-mentioned inventory destocking, with the margin expected to return towards more normalised levels in the second half of the year with the anticipated recovery in sales.

Packaging & Securing Solutions

	HY 2014 £m	% growth Actual FX	% growth Constant FX
Revenue	108.6	+42.0%	+47.0%
Operating profit	18.3	+35.6%	+40.0%
Operating margin	16.9%	-70bps	-80bps

Revenue increased 47.0% to £108.6m. Adjusting for the healthcare packaging acquisitions of Contego and Dakota with effect from 30 April 2014, LFL growth was -1.2%.

The result in Packaging showed a positive performance in leaflets to the healthcare industry, and was supported by recent new business wins with major multinational customers. Successful product launches (such as AquaSense™ innovative labels and Re:Close resealable tape) further contributed, and the performance in card solutions was also encouraging. These factors were offset by tear tape sales to the tobacco industry, where market conditions remain challenging.



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Growth in Speciality Tapes was driven by a strong contribution from the expanding Express footprint in North America, including the recently-established sites in Jacksonville and Greensboro, US. Further to the recent expansion of hot melt capability at the Chicago, US facility, Finger Lift tape performed particularly well, supported by the Foam and Duraco Red tape ranges.

During the period, labels manufacturing was relocated to a new, state-of-the-art facility in Newport, UK, which will provide the best operational footprint and necessary space for the future development of this key product line. In addition, the healthcare packaging operations in Ireland were consolidated into the single facility in Dublin, and the site in Waterford was closed and subsequently sold: further to this move, the businesses are no longer separately identifiable.

Operating profit increased 40.0% to £18.3m, with the margin down -80bps to 16.9%. Successful delivery of healthcare acquisition synergies, combined with continued cost savings and efficiency initiatives, were offset by the mix effect of the decline in tobacco packaging.

Filter Products

	HY 2014 £m	% growth Actual FX	% growth Constant FX
Revenue	141.7	+9.4%	+22.1%
Operating profit	19.8	+10.0%	+23.2%
Operating margin	14.0%	+10bps	+10bps

Revenue increased 22.1% to £141.7m. Underlying volumes were ahead of the prior year period, with Asia accounting for 58% of volumes in HY 2014 (HY 2013: 63%).

The result in special filters was particularly strong, boosted by ongoing proprietary innovations and the successful commercialisation of recent contract wins. Among the new product launches and development initiatives during the period were a new four-segment filter which provides even greater filtration flexibility, as well as a unique plugwrap material that disperses in water at least three times faster than standard alternatives thus enabling the manufacture of more environmentally-friendly filters. Joint development activity with multinational customers continued to increase, and the division filed five new patent and trademark applications to help support its future innovation capabilities.

Leveraging its extensive experience and expanded portfolio of accredited testing methods, the Scientific Services laboratory in Jarrow, UK, performed well, in particular in the field of e-cigarettes.

As part of its commitment to ensuring a flexible and competitive manufacturing base, the division opened a second facility in India with its joint venture partner, ITC. Production in Hungary increased, and further manufacturing capacity for special filters was added at the recently-opened site in Dubai. Following a review of its geographic footprint, the division took the decision to close its facility in Italy.



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Operating profit grew 23.2% to £19.8m, with the margin up 10bps to 14.0%. Continued successful productivity and efficiency initiatives were partially offset by a one-off cost of the afore-mentioned site closure, from which significant savings are anticipated in the second half of the year.

Other

	HY 2014 £m	% growth Actual FX	% growth Constant FX
Revenue	13.0	+6.6%	+10.5%
Operating profit	0.9	-	+10.5%
Operating margin	6.9%	-50bps	+0bps

Revenue from Essentra Extrusion increased 10.5% to £13.0m, supported by new business wins and a more encouraging market backdrop. Operating profit rose 10.5% to £0.9m with the margin unchanged versus the prior year period, as cost savings initiatives were largely offset by ongoing investment in future revenue 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 2014 were:

	Average		Closing	
	HY 2014	HY 2013	HY 2014	HY 2013
US\$:£	1.67	1.55	1.71	1.52
€:£	1.22	1.18	1.25	1.17

Re-translating at HY 2014 average exchange rates decreases the prior year revenue and adjusted operating profit by £26.4m and £4.9m respectively.

Net finance expense. Net finance expense of £4.8m was broadly unchanged versus HY 2013, and is broken down as follows:

£m	HY 2014	HY 2013
Net interest charged on net debt	4.8	4.5
Amortisation of bank fees	0.4	0.5
IAS 19 pension finance credit	(0.4)	(0.1)
Total net interest expense	4.8	4.9

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



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Tax. The effective tax rate on profit before tax (before exceptional operating items) was 25.4% (HY 2013: 27.4%).

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 2014	HY 2013
Inventories	84.6	87.1
Trade & other receivables	163.3	151.7
Trade & other payables	(139.5)	(130.1)
Adjustments	7.0	4.1
Net working capital	115.4	112.8

The net working capital / revenue ratio was 13.9% (HY 2013: 14.6%, at constant FX).

Cash flow. Operating cash flow increased 14.7% to £34.3m. Free cash flow of £19.0m was £7.2m higher than HY 2013 (+61.0%).

£m	HY 2014	HY 2013
Operating profit – adjusted	69.0	65.2
Depreciation	15.0	12.4
Share option expense / other movements	1.1	2.7
Change in working capital	(37.2)	(24.6)
Net capital expenditure	(13.6)	(25.8)
Operating cash flow – adjusted	34.3	29.9
Tax	(10.3)	(10.7)
Net interest paid	(4.7)	(4.5)
Pension obligations	(0.3)	(2.9)
Free cash flow - adjusted	19.0	11.8



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Net debt. Net debt at the end of the period was £223.8m, a £6.7m increase from 1 January 2014, primarily due to the impact of higher dividend payments.

£m	HY 2014
Net debt as at 1 January 2014	217.1
Free cash flow	(19.0)
Dividends	24.8
Acquisitions	2.6
Foreign exchange	(4.6)
Other	2.9
Net debt as at 30 June 2014	223.8

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2014 was 1.4x (31 December 2013: 1.3x) and interest cover was 13.3x (31 December 2013: 13.0x).

Pensions. As at 30 June 2014, the Company's IAS 19 pension asset was £7.9m (HY 2013: £9.0m) and the associated deferred tax liability was £0.6m (HY 2013: £2.5m deferred tax asset). The pension asset has been calculated after updating the asset values and certain assumptions as at 30 June 2014.

Dividends. The Board of Directors has approved an interim dividend of 5.7 pence per 25 pence ordinary share (HY 2013: 4.8 pence), an increase of 18.8%. The interim dividend will be paid on 30 October 2014 to equity holders on the share register on 26 September 2014: the ex-dividend date will be 24 September. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC.

Board changes. With effect from the closure of the Company's Annual General Meeting ("AGM") on 29 April 2014, Paul Drechsler stepped down as the Senior Independent Non-Executive Director, as Chairman of the Remuneration Committee and also as a member of the various Board Committees. While Paul is no longer considered as independent, in accordance with the Corporate Governance Code, he will continue to serve as a Non-Executive Director.

Following the AGM, Terry Twigger became the Senior Independent Non-Executive Director, and Lorraine Trainer became the Chairman of the Remuneration Committee.

Treasury policy and controls. Essentra has a centralised treasury function to manage funding, liquidity and exposure to interest rate and foreign exchange risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of derivatives that may be employed and the criteria for investing and borrowing cash. Essentra uses derivatives only to manage currency and interest rate risk arising from the underlying business activities. No transactions of a speculative nature are undertaken. The treasury function is subject to periodic independent reviews by the Group Assurance department. Underlying policy assumptions and activities are reviewed by the Treasury Committee.



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Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence, expertise and suitable credit rating.

Foreign exchange risk. The majority of Essentra's net assets are in currencies other than sterling. The Company's normal policy is to reduce the translation exposure and the resulting impact on shareholders' funds through measures such as borrowing in those currencies in which the Group has significant net assets. As at 30 June 2014, Essentra's US dollar-denominated assets were approximately 48% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 51% hedged by its euro-denominated borrowings.

The majority of Essentra's transactions are carried out in the functional currencies of its operations, and therefore transaction exposure is limited. However, where such exposure does occur, Essentra uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probably forecast foreign currency sales and purchases over a period of up to 18 months.

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 continuously 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 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.

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 40-43 of the Company's 2013 Annual Report.

Disruption to infrastructure

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.

Emerging technology and competition pressures

Essentra faces pressure from direct competitors, as well as competition from alternative technologies.

Failure to drive business development

There can be no assurance that the Company will develop, complete and integrate current and new suitable products and expand further through start-up operations.



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Mergers and acquisitions

The rate of any future acquisition integration may in part be dependent on the success of identifying the correct acquisitions and having sufficient resources available for integration.

Customer concentration

In some of Essentra's businesses, 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.

Key raw material supply

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 substantial part of Essentra's business relates to the supply of filter products and packaging solutions to manufacturers in the tobacco industry.

Talent management

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 possible inability of the Company to comply with current, changing or new legislation / regulation.

2014 Outlook

Essentra intends to deliver further balanced growth in 2014, and thus 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.



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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 1915 (UK / international participants)
+1 212 444 0412 (US participants)

Toll-free number: 0800 279 4992 (UK participants)
+1 877 280 1254 (US participants)

PIN code: 8068280

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: 8068280

Replay available: For 7 days



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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 or 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 26 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 equipment manufacturing, automotive, fabrication, electronics 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.



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Packaging & Securing Solutions

A leading global provider of packaging and securing solutions to a diversified blue-chip customer base. The division focuses on delivering value adding innovation, quality and service to customers through a range of cartons, tapes, leaflets, foils and labels for the healthcare, 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 ten 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

The Extrusion business 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, it 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 33 countries and includes c. 5,700 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 2014 £m	Six months ended 30 Jun 2013 £m	Year ended 31 Dec 2013 £m
Revenue	2	431.1	384.6	798.1
Operating profit before intangible amortisation and exceptional operating items		69.0	65.2	130.4
Intangible amortisation		(8.7)	(5.6)	(14.2)
Exceptional operating items	2	(6.3)	(9.3)	(19.2)
Operating profit	2	54.0	50.3	97.0
Finance income		0.4	0.3	1.0
Finance expense		(5.2)	(5.2)	(11.6)
Profit before tax		49.2	45.4	86.4
Income tax expense		(13.4)	(13.8)	(26.1)
Profit for the period		35.8	31.6	60.3
Attributable to:				
Equity holders of Essentra plc		35.4	31.1	60.1
Non-controlling interests		0.4	0.5	0.2
Profit for the period		35.8	31.6	60.3
Earnings per share attributable to equity holders of Essentra plc:				
Basic	3	15.2p	13.9p	26.3p
Diluted	3	14.8p	13.5p	25.7p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2014 £m	Six months ended 30 Jun 2013 £m	Year ended 31 Dec 2013 £m
Profit for the period	35.8	31.6	60.3
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	(4.0)	13.9	11.2
Deferred tax credit/(expense) on remeasurement of defined benefit pension schemes	1.2	(3.9)	(3.1)
	(2.8)	10.0	8.1
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	0.1	0.1
Effective portion of changes in fair value of cash flow hedges	0.6	(0.3)	(0.1)
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations	(14.7)	20.2	(14.7)
Arising on effective net investment hedges	5.1	(9.9)	0.2
Income tax (expense)/credit on effective net investment hedges	(1.1)	2.3	-
Attributable to non-controlling interests	-	-	(0.5)
	(10.0)	12.4	(15.0)
Other comprehensive income for the period, net of tax	(12.8)	22.4	(6.9)
Total comprehensive income for the period	23.0	54.0	53.4
Attributable to:			
Equity holders of Essentra plc	22.6	53.5	53.7
Non-controlling interests	0.4	0.5	(0.3)
	23.0	54.0	53.4

Condensed consolidated balance sheet

	Note	30 Jun 2014 £m	30 Jun 2013 £m	31 Dec 2013 £m
Assets				
Property, plant and equipment	4	207.6	225.0	213.7
Intangible assets		383.2	376.9	396.7
Deferred tax assets		5.4	7.5	6.4
Retirement benefit assets	5	25.1	29.5	21.9
Total non-current assets		621.3	638.9	638.7
Inventories		84.6	87.1	75.5
Income tax receivable		3.9	1.4	4.0
Trade and other receivables		163.3	151.7	140.7
Derivative assets		1.0	0.3	0.2
Cash and cash equivalents	6	35.5	46.4	44.1
Total current assets		288.3	286.9	264.5
Total assets		909.6	925.8	903.2
Equity				
Issued capital		60.1	60.1	60.1
Merger relief reserve		136.4	136.4	136.4
Capital redemption reserve		0.1	0.1	0.1
Other reserve		(132.8)	(132.8)	(132.8)
Cash flow hedging reserve		0.6	(0.3)	(0.1)
Translation reserve		(20.6)	17.2	(9.9)
Retained earnings		356.5	337.0	345.0
Attributable to equity holders of Essentra plc		400.3	417.7	398.8
Non-controlling interests		4.6	5.7	4.2
Total equity		404.9	423.4	403.0
Liabilities				
Interest bearing loans and borrowings	6	258.1	254.8	254.7
Retirement benefit obligations	5	17.2	20.5	11.3
Provisions		2.6	2.9	3.1
Other financial liabilities		3.2	-	5.4
Deferred tax liabilities		42.3	50.0	47.1
Total non-current liabilities		323.4	328.2	321.6
Interest bearing loans and borrowings	6	1.2	3.8	6.5
Derivative liabilities		0.2	0.8	0.3
Income tax payable		28.7	20.2	24.4
Trade and other payables		139.5	130.1	135.1
Provisions		11.7	19.3	12.3
Total current liabilities		181.3	174.2	178.6
Total liabilities		504.7	502.4	500.2
Total equity and liabilities		909.6	925.8	903.2

Condensed consolidated statement of changes in equity

	Six months ended 30 June 2014								
	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 2014	60.1	136.4	0.1	(132.8)	(0.1)	(9.9)	345.0	4.2	403.0
Profit for the period							35.4	0.4	35.8
Other comprehensive income					0.7	(10.7)	(2.8)	-	(12.8)
Total comprehensive income for the period					0.7	(10.7)	32.6	0.4	23.0
Purchase of employee trust shares							(4.4)		(4.4)
Shares options exercised							3.5		3.5
Share option expense							3.2		3.2
Tax relating to share-based incentives							1.4		1.4
Dividends paid							(24.8)		(24.8)
At 30 June 2014	60.1	136.4	0.1	(132.8)	0.6	(20.6)	356.5	4.6	404.9

	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	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

Condensed consolidated statement of changes in equity (continued)

	Year ended 31 December 2013								
	Issued capital	Merger relief reserve	Capital redemption reserve	Other reserve	Cash flow hedging reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2013	54.8	-	0.1	(132.8)	(0.1)	4.6	311.8	5.3	243.7
Profit for the year							60.1	0.2	60.3
Other comprehensive income					-	(14.5)	8.1	(0.5)	(6.9)
Total comprehensive income for the year	-	-	-	-	-	(14.5)	68.2	(0.3)	53.4
Issue of shares	5.3	136.4							141.7
Issue of shares to non-controlling interests								1.5	1.5
Acquisition of non-controlling interests							(0.6)	(1.3)	(1.9)
Purchase of employee trust shares							(16.3)		(16.3)
Shares options exercised							4.7		4.7
Share option expense							5.1		5.1
Tax relating to share-based incentives							3.3		3.3
Dividends paid							(31.2)	(1.0)	(32.2)
At 31 December 2013	60.1	136.4	0.1	(132.8)	(0.1)	(9.9)	345.0	4.2	403.0

Condensed consolidated statement of cash flows

	Note	Six months ended 30 Jun 2014 £m	Six months ended 30 Jun 2013 £m	Year ended 31 Dec 2013 £m
Operating activities				
Profit for the period from continuing operations		35.8	31.6	60.3
Adjustments for:				
Income tax expense		13.4	13.8	26.1
Net finance expense		4.8	4.9	10.6
Intangible amortisation		8.7	5.6	14.2
Exceptional operating items		6.3	9.3	19.2
Depreciation		15.0	12.4	26.7
Share option expense		3.2	2.2	5.1
Other movements		(1.0)	1.9	(1.8)
(Increase)/decrease in inventories		(10.6)	(0.9)	6.1
Increase in trade and other receivables		(25.8)	(28.9)	(23.3)
(Decrease)/increase in trade and other payables		(0.8)	5.2	11.9
Cash outflow in respect of exceptional operating items		(1.6)	(4.3)	(10.5)
Additional pension contributions		(0.3)	(2.9)	(6.1)
Provisions utilised in the period		(1.2)	(4.2)	(10.8)
Cash inflow from operating activities		45.9	45.7	127.7
Income tax paid		(10.3)	(10.7)	(17.5)
Net cash inflow from operating activities		35.6	35.0	110.2
Investing activities				
Interest received		0.1	0.2	0.3
Acquisition of property, plant and equipment		(14.8)	(26.2)	(44.1)
Proceeds from sale of property, plant and equipment		1.2	0.4	0.4
Acquisition of businesses net of cash acquired		(2.6)	(153.1)	(188.9)
Net cash outflow from investing activities		(16.1)	(178.7)	(232.3)
Financing activities				
Interest paid		(4.9)	(4.7)	(9.6)
Dividends paid to equity holders		(24.8)	(20.0)	(31.2)
Dividends paid to non-controlling interests		-	(0.8)	(1.0)
Acquisition of non-controlling interests		-	-	(1.9)
Proceeds from equity issue		-	141.7	141.7
Proceeds from issue of shares to non-controlling interests		-	0.7	1.5
Repayments of short-term loans		(5.2)	(2.0)	-
Proceeds from short-term loans		-	-	0.2
Repayments of long-term loans		(25.3)	-	-
Proceeds from long-term loans		33.9	31.1	37.5
Purchase of employee trust shares		(4.4)	(3.5)	(16.3)
Proceeds from sale of employee trust shares		3.5	3.8	4.7
Net cash inflow/(outflow) from financing activities		(27.2)	146.3	125.6
Net (decrease)/increase in cash and cash equivalents		(7.7)	2.6	3.5
Net cash and cash equivalents at the beginning of the period		44.1	41.4	41.4
Net (decrease)/increase in cash and cash equivalents		(7.7)	2.6	3.5
Net effect of currency translation on cash and cash equivalents		(0.9)	2.4	(0.8)
Net cash and cash equivalents at the end of the period	6	35.5	46.4	44.1

Notes

1. Basis of preparation

The condensed set of financial statements has been prepared in accordance with the accounting policies set out in the 2013 Annual Report 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 2014. 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 2013 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') 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.

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 Essentra Extrusion BV which is a leading custom profile extruder located in The Netherlands offering a complete design and production service.

2. Segment analysis (continued)

	Revenue			Operating profit		
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended
	30 Jun 2014 £m	30 Jun 2013 £m	31 Dec 2013 £m	30 Jun 2014 £m	30 Jun 2013 £m	31 Dec 2013 £m
Component & Protection Solutions	123.8	115.6	223.7	32.5	28.5	52.6
Porous Technologies	44.4	51.9	100.0	6.7	13.0	23.5
Packaging & Securing Solutions	108.6	76.5	181.8	18.3	13.5	30.2
Filter Products	141.7	129.5	269.9	19.8	18.0	40.1
Other	13.0	12.2	24.8	0.9	0.9	1.5
Central Services ¹	-	-	-	(9.2)	(8.7)	(17.5)
Elimination of intersegment ²	(0.4)	(1.1)	(2.1)	-	-	-
	431.1	384.6	798.1	69.0	65.2	130.4
Intangible amortisation				(8.7)	(5.6)	(14.2)
Exceptional operating items				(6.3)	(9.3)	(19.2)
Total	431.1	384.6	798.1	54.0	50.3	97.0
Adjusted operating margin ³				16.0%	17.0%	16.3%

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 primarily attributable to Packaging & Securing Solutions

³ Adjusted operating margin is defined as operating profit before intangible amortisation and exceptional operating items divided by revenue

Exceptional operating items

	Six months ended	Six months ended	Year ended
	30 Jun 2014	30 Jun 2013	31 Dec 2013
	£m	£m	£m
Acquisition fees	0.2	2.8	4.7
Acquisition integration and restructuring costs	6.1	4.1	12.6
Other	-	2.4	1.9
	6.3	9.3	19.2

Acquisition-related costs incurred during the period in respect of the acquisition of Kelvindale (period ended 30 June 2013 and year ended 31 December 2013: acquisitions of Ulinco, Contego, Dakota and Mesan, and transactions that did not complete).

Acquisition integration and restructuring costs incurred during the period in respect of Contego, Dakota and Mesan (period ended 30 June 2013: Contego and Ulinco; year ended 31 December 2013: Richco, Ulinco, Contego, Dakota and Mesan).

Other exceptional items in the period ended 30 June 2013 comprised £2.4m relating to costs incurred in relation to rebranding of the Group to Essentra; the amount in year ended 31 December 2013 comprised £2.4m costs incurred in relation to rebranding of the Group to Essentra, a £0.8m credit adjustment for contingent deferred consideration in relation to the acquisition of Reid Supply Company, and £0.3m relating to Extrusion restructuring.

3. Earnings per share

	Six months ended 30 Jun 2014 £m	Six months ended 30 Jun 2013 £m	Year ended 31 Dec 2013 £m
Continuing operations			
Earnings attributable to equity holders of Essentra plc	35.4	31.1	60.1
Adjustments			
Intangible amortisation	8.7	5.6	14.2
Exceptional operating items	6.3	9.3	19.2
	15.0	14.9	33.4
Tax relief on adjustments	(2.9)	(2.7)	(6.8)
Adjusted earnings	47.5	43.3	86.7
<hr/>			
Basic weighted average ordinary shares in issue (million)	233.6	223.1	228.2
Dilutive effect of employee share option plans (million)	5.2	6.8	6.1
Diluted weighted average ordinary shares (million)	238.8	229.9	234.3
<hr/>			
Continuing operations			
Basic earnings per share	15.2p	13.9p	26.3p
Adjustment	5.1p	5.5p	11.7p
Adjusted earnings per share	20.3p	19.4p	38.0p
<hr/>			
Diluted earnings per share	14.8p	13.5p	25.7p
Diluted adjusted earnings per share	19.9p	18.8p	37.0p

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 £15.3m (six months ended 30 Jun 2013: £23.7m; year ended 31 Dec 2013: £41.5m) 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 £1.1m (six months ended 30 Jun 2013: £0.3m; year ended 31 Dec 2013: £0.5m) were disposed of for proceeds of £1.2m (six months ended 30 Jun 2013: £0.4m; year ended 31 Dec 2013: £0.4m).

5. Retirement benefit obligations

Movement in pension net assets/(liabilities) during the period

	30 Jun 2014 £m	30 Jun 2013 £m	31 Dec 2013 £m
Movements			
Beginning of period	10.6	(3.9)	(3.9)
Service cost	(1.2)	(1.3)	(2.4)
Employer contributions	1.5	4.2	8.5
Return on plan assets excluding amounts in net finance income	4.3	4.4	10.8
Actuarial gain/(loss) arising from changes in financial assumptions	(8.3)	9.5	3.6
Actuarial gain/(loss) arising from changes in demographic assumptions	-	-	(2.6)
Actuarial gain/(loss) arising from experience adjustment	-	-	(0.6)
Net finance income	0.4	0.1	(0.1)
Business combination	-	-	(1.1)
Other	-	(2.7)	(1.6)
Currency translation	0.6	(1.3)	-
End of period	7.9	9.0	10.6

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2014. 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 2014 £m	30 Jun 2013 £m	31 Dec 2013 £m
Rate of increase in salaries (pre-2010) ¹	3.00%	3.00%	3.00%
Rate of increase in salaries (post-2010) ¹	3.00%	3.00%	3.00%
Rate of increase in pensions ¹			
At RPI capped at 5%	3.20%	3.30%	3.30%
At CPI capped at 5%	2.30%	2.60%	2.40%
At CPI minimum 3%, capped at 5%	3.20%	3.40%	3.30%
At CPI capped at 2.5%	1.90%	2.00%	1.90%
Discount rate	4.30%	4.80%	4.50%
Inflation rate – RPI	3.30%	3.40%	3.40%
Inflation rate – CPI	2.30%	2.60%	2.40%

US

	30 Jun 2014 £m	30 Jun 2013 £m	31 Dec 2013 £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	4.30%	4.80%	4.90%
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 2014 £m	31 Dec 2013 £m
Cash at bank and in hand	29.5	42.0
Short-term deposits repayable on demand	6.0	2.1
Cash and cash equivalents	35.5	44.1
Debt due within one year	(1.2)	(6.5)
Debt due after one year	(258.1)	(254.7)
Net debt	(223.8)	(217.1)

At 30 June 2014 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

During 2014, Essentra reassessed the fair value adjustments made in respect of Contego Healthcare Limited (“Contego”) which was acquired on 30 April 2013, and made changes to certain accruals, property, plant and equipment, and deferred tax assets. The impact on goodwill is an increase of £1.7m.

In addition, Essentra reassessed the fair value adjustments made in respect of Dakota and Mesan, which were also acquired in 2013. In respect of the acquisition of Dakota, some changes were made to certain accruals and adjustments to the fair value of receivables and inventories. These adjustments were insignificant individually and in aggregate. The acquisitions carried out by the Group in 2014 were not material.

8. Dividends

	Per share			Total		
	Six months ended 30 Jun 2014 p	Six months ended 30 Jun 2013 p	Year ended 31 Dec 2013 p	Six months ended 30 Jun 2014 £m	Six months ended 30 Jun 2013 £m	Year ended 31 Dec 2013 £m
2013 interim: paid 28 October 2013		4.8	4.8		11.2	11.2
2013 final: paid 2 May 2014			10.6			24.8
2014 interim: payable 30 October 2014	5.7			13.4		
	5.7	4.8	15.4	13.4	11.2	36.0

The interim dividend for 2014 of 5.7p per 25p ordinary share will be paid on 30 October 2014 to equity holders on the share register on 26 September 2014.

9. Related party transactions

Other than the compensation of key management, Essentra has not entered into any material transactions with related parties since the last Annual Report.

10. Financial instruments

Essentra held the following financial instruments at fair value at 30 June 2014. 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 £6.0m relating to the acquisition of Ulinco Components AB and Mesan Kilit A.S. (31 Dec 2013: deferred contingent consideration of £6.2m relating to the acquisitions of Ulinco Components AB and Mesan Kilit A.S.). 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 2014 £m	31 Dec 2013 £m
Financial assets		
Derivatives	1.0	0.2
Financial liabilities		
Derivatives	(0.2)	(0.3)
Deferred contingent consideration	(6.0)	(6.2)
Total	(5.2)	(6.3)

The fair values of forward foreign exchange contracts and cross currency swaps 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 £93.6m (31 Dec 2013: £95.5m) and £101.5m (31 Dec 2013: £105.7m) respectively. The carrying amount of the other financial instruments is a reasonable approximation of their fair value.

11. Subsequent events

On 1 July 2014, Essentra plc refinanced its bank facilities, and replaced the existing £330m sterling and euro-denominated five-year revolving credit facilities with a new £390m five-year facility at more competitive terms.

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 2014

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 2014 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 2014 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 LLP
Chartered Accountants
31 July 2014

15 Canada Square
London E14 5GL