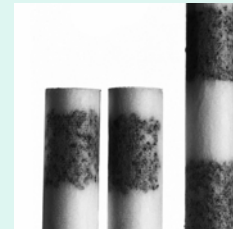
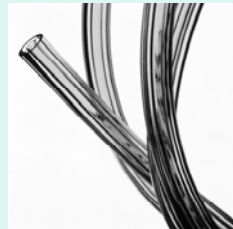
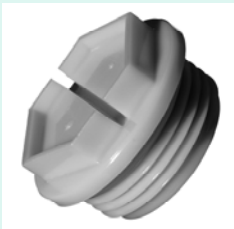




## PRELIMINARY RESULTS

31 DECEMBER 2005



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# Financial Highlights

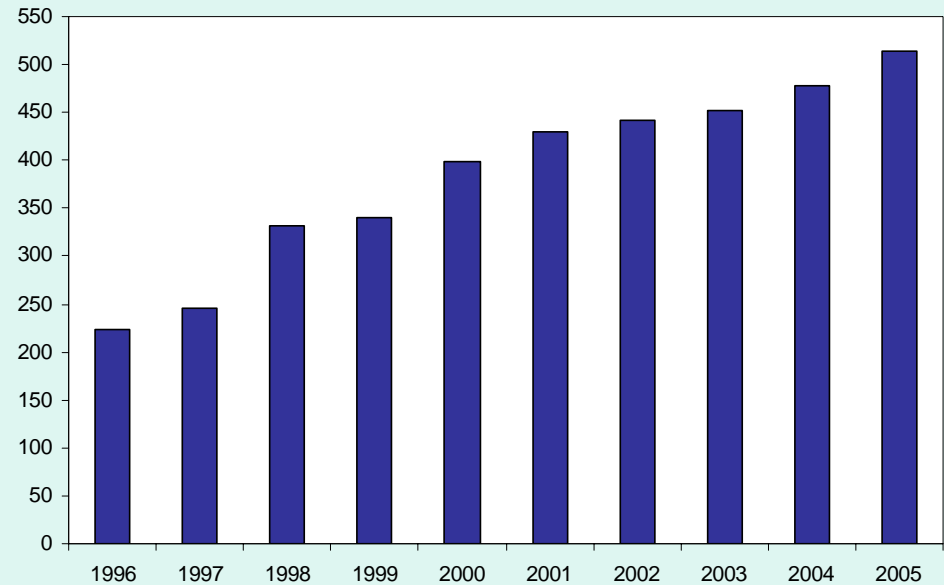
	<b>2005</b>		$\Delta\%$
Sales	£513.7m		7.6
Operating profit	£57.8m		*8.7
Profit before tax	£50.0m		9.4
Adjusted EPS	15.0p		7.1
Operating cash flow	£35.4m		15.3

\*before non-recurring IFRS adjustments

# Financial Track Record

- Sales up 7.6%
- Excluding acquisitions, up 7.1%
- Consistent double digit margins – 11.2% (2004:11.1%)

Sales (£m)



**Financial track record of strong growth and double digit margins**

# Segmental Summary

£m	Sales		Operating profit	
	Dec 2005	Dec 2004	Dec 2005	Dec 2004
Plastic Technologies	273.3	241.5	37.6	33.2
Fibre Technologies	240.4	236.0	26.9	27.4
Central Services			(6.8)	(7.5)
	<u>513.7</u>	<u>477.5</u>	<u>57.7</u>	<u>53.1</u>
IFRS pension adjustment			0.1	(1.5)
IFRS impairment charge			-	(3.5)
Operating profit			<u>57.8</u>	<u>48.1</u>
Operating margin*			11.2%	11.1%

\*before IFRS adjustments

# Earnings

£m		Dec 2005		Dec 2004	Δ%
<b>Operating profit</b>		<b>57.8</b>		<b>48.1</b>	<b>20.2</b>
Amortisation		(0.8)		(0.5)	
Demerger costs		(1.0)		-	
Net finance expense		<u>(6.0)</u>		<u>(1.9)</u>	
<b>Profit before tax</b>		<b>50.0</b>		<b>45.7</b>	<b>9.4</b>
Income tax	34.0%	(17.0)	30.6%	(14.0)	
Minority interest		<u>(1.4)</u>		<u>(1.2)</u>	
<b>Earnings</b>		<b><u>31.6</u></b>		<b><u>30.5</u></b>	
Basic EPS		14.4p		13.9p	
<b>Adjusted EPS</b>		<b>15.0p</b>		<b>14.0p</b>	<b>7.1</b>
Dividend per share		6.4p		5.9p	8.5

# Balance Sheet

£m	Dec 2005	Dec 2004
Goodwill	63.0	57.6
Fixed assets	180.5	152.5
Working capital	73.7	59.6
Income tax/deferred tax	<u>(23.4)</u>	<u>(29.2)</u>
	293.8	240.5
Provisions	(7.5)	(5.6)
Pension liabilities	<u>(35.8)</u>	<u>-</u>
	<u>250.5</u>	<u>234.9</u>
Shareholders funds	124.7	111.0
Minority interests	5.6	3.9
Net debt	<u>120.2</u>	<u>120.0</u>
	<u>250.5</u>	<u>234.9</u>
Gearing (%)	92.2	104.4
Return on average capital (%)	23.7	22.6

# Cash flow

£m	Dec 2005	Dec 2004	△%
Operating profit	57.8	48.1	
Depreciation	22.1	20.1	
Non cash	<u>1.1</u>	<u>4.6</u>	
<b>EBITDA</b>	<b>81.0</b>	<b>72.8</b>	<b>11.3%</b>
Working capital	(4.8)	(9.4)	
Capital expenditure	(37.3)	(33.4)	
Other	<u>(3.5)</u>	<u>0.7</u>	
<b>Operating cash flow</b>	<b>35.4</b>	<b>30.7</b>	<b>15.3%</b>
Finance expense	(5.5)	(2.0)	
Income tax	(13.8)	(13.2)	
Demerger cost	(1.0)	-	
Share purchase	(1.0)	-	
Acquisitions	(4.6)	(22.5)	
Other	(0.9)	(0.9)	
<b>Cash flow</b>	<b><u>8.6</u></b>	<b><u>(7.9)</u></b>	



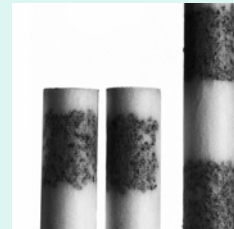
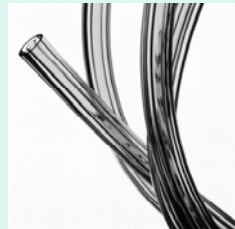
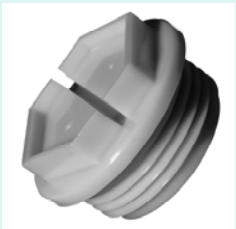
# Acquisition of FractureCode

<b>50%</b>	- previously owned
<b>30%</b>	- acquired for €6.9m in Dec 2005
<b>20%</b>	- March 2009 to 2012
	- Performance conditions linked to profit
	- Maximum consideration €40m
<hr/> <b>100%</b>	

- Partner (Inventor) remains in business
- Filtrona can now drive commercial development faster
- Revenue stream with initial development customer expected in 2006



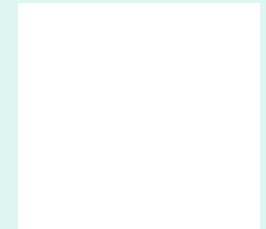
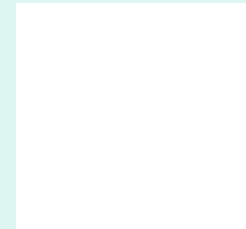
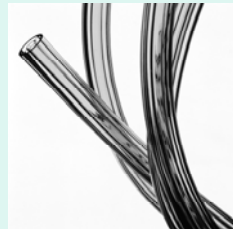
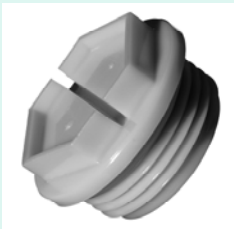
## Operating Review



# Plastic Technologies

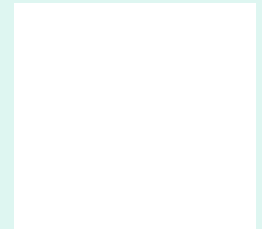
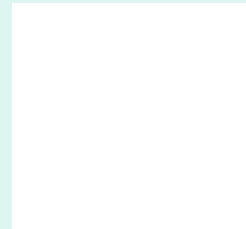
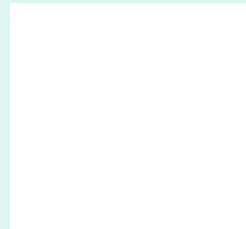
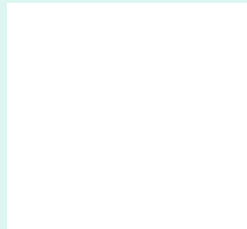
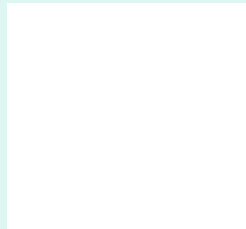
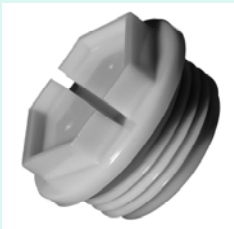
£m	Dec 2005	Dec 2004	Δ %
Sales	273.3	241.5	13.2
Operating Profit	37.6	33.2	13.3
Margin (%)	13.8	13.7	

- Skiffy sales benefit - £2.3m or 1.1%
- Overall recovery of raw material cost increases – 3.7% sales impact
- Good underlying volume growth



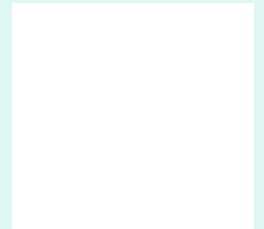
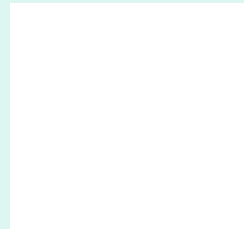
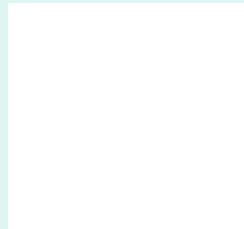
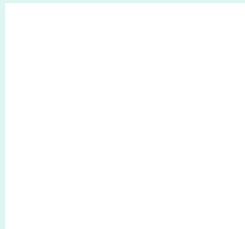
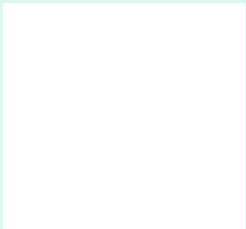
# Operational Highlights – Protection and Finishing Products

- European market share gain and geographic expansion
- Skiffy benefited from marketing and productivity investment
- North American share gains more than offset automotive sector weakness
- Strength from thriving drilling activity levels and lower cost Mexican facility



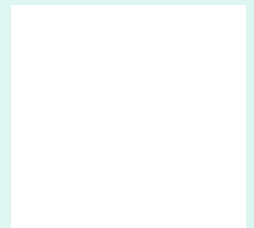
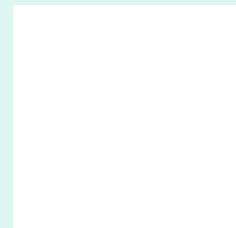
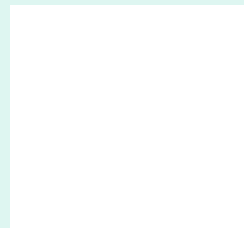
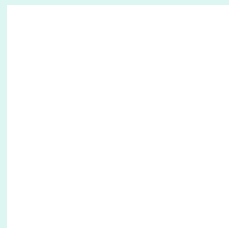
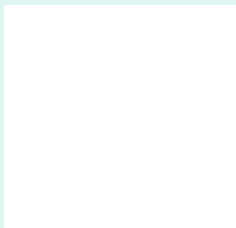
# Operational Highlights – Coated and Security Products

- Continued strength in brand promotion and security
- Market repositioning
- Digital print and 6 station printer in USA
- New security laminate for UK passport



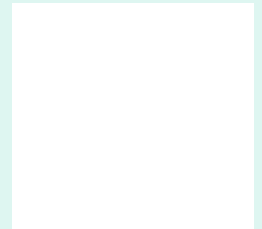
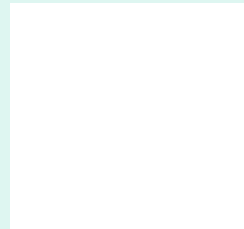
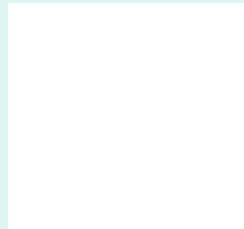
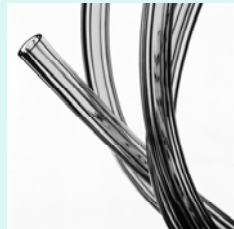
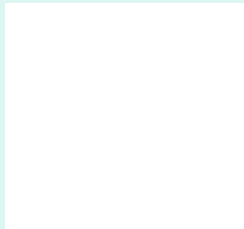
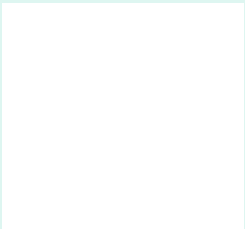
# Operational Highlights – FractureCode

- FMCG customer has ordered hardware for second facility
- Technology proven in high volume manufacturing environment
- Resource build up underway
- Launch at Intergraf symposium
- No material contribution expected before 2008
- Revenue streams from licences, hardware and services



# Operational Highlights – Profile and Sheet

- Robust sales growth in North America and Holland
- Sustained sales growth momentum in Monterrey, Mexico – expansion planned
- Buoyant sales in key segments e.g. POP, Transportation, Medical
- Holland - success with export sales and factory extension to be completed in summer

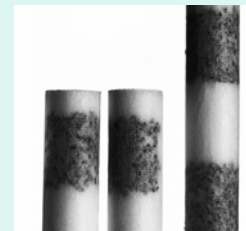
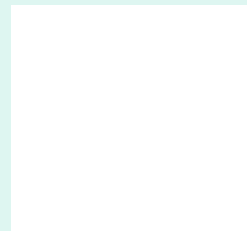
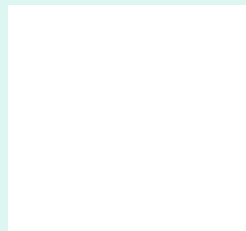
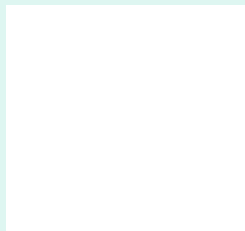
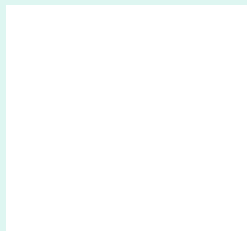


# Fibre Technologies

£m	Dec 2005	Dec 2004	Δ %
Sales	240.4	236.0	1.9
Operating profit	26.9	27.4*	(1.8)
Margin (%)	11.2	11.6	

- Second half sales up 5.3% on 2004
- Start up costs in Monterrey, Mexico and Ningbo, China
- Restructuring and technology transfer costs in Europe

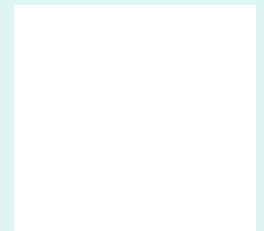
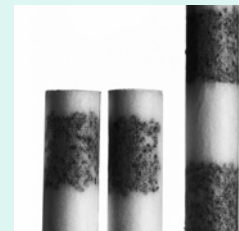
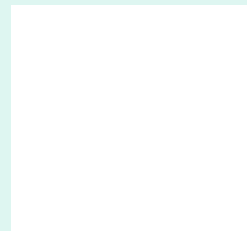
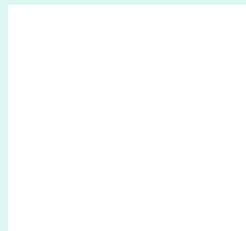
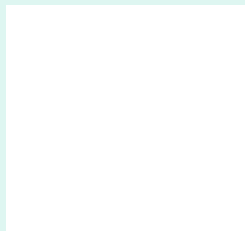
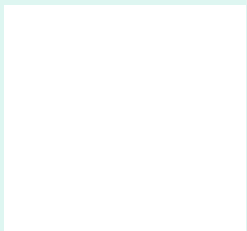
*\*before one off IFRS adjustment of £(3.5)m*





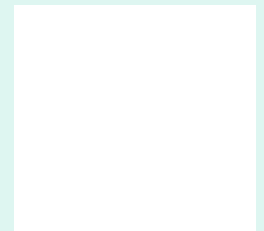
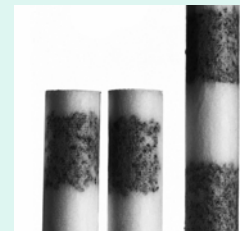
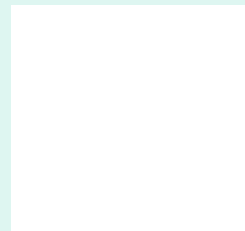
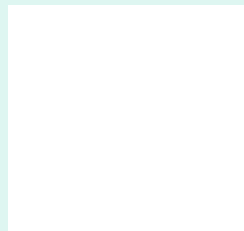
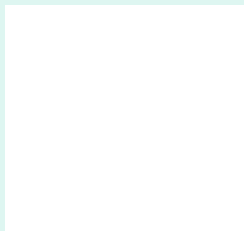
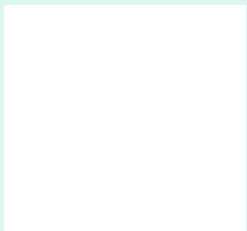
# Operational Highlights – Cigarette Filters

- Special filter volumes up 6.6%, monos down 8.3%
- Lower European volumes offset by growth elsewhere
- Swiss closure and technology absorption
- First customer for active patch



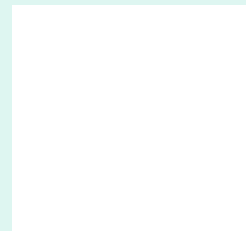
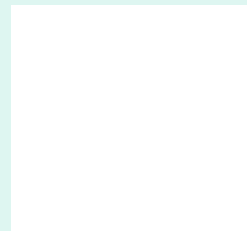
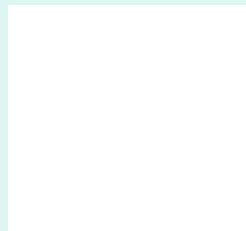
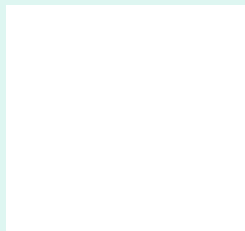
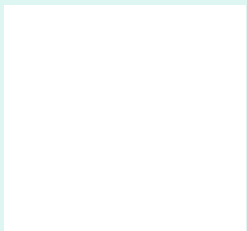
# Operational Highlights – Cigarette Filters

- Monterrey start-up
- Venezuela and USA contract extensions
- Indonesia facility upgrade
- Market outlook positive – outsourcing/new products



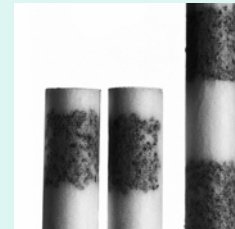
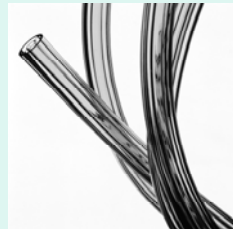
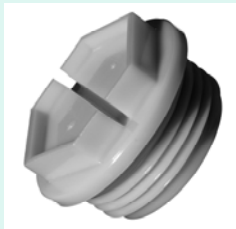
# Operational Highlights – Fibertec

- Recovery in household products in second half of year
- European restructuring
- Successful Ningbo start-up
- Strong performance and new business in medical devices
- Important projects in inkjet printer reservoirs and blood separation



# Prospects

- **Plastic Technologies** – continuation of growth trend
  - continued momentum in Protection and Finishing Products
  - new products and technology in Coated and Security Products
  - further growth in selected product categories in Profile and Sheet
- **Fibre Technologies** – return of growth momentum as 2006 progresses
  - continued growth of special filters - new European volumes
  - benefits from Fibertec innovation programme
  - lower cost base - Ningbo, Monterrey, Reinbek, Crissier





## PRELIMINARY RESULTS

31 DECEMBER 2005

